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Addendum

MAIN PROGRAMME RECORD

UNDP IN EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES

SUMMARY

The present document provides summary highlights of UNDP work in the Europe and the Commonwealth of Independent States region in 1997 and of future challenges that UNDP would like to bring to the attention of the Executive Board. The report builds on and complements the introduction of the annual report of the Administration for 1997 (DP/1998/17) and the other addenda, particularly addenda 2 and 3.

* The main programme record for 1997 consists of five parts: Part I - UNDP in Africa; Part II - UNDP in the Arab States; Part III - UNDP in Asia and the Pacific; Part IV - UNDP in Europe and the Commonwealth of Independent States; and Part V - UNDP in Latin America and the Caribbean.

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I. INTRODUCTION

1. UNDP support in Europe and the Commonwealth of Independent States aims at addressing poverty in a region suffering from severe depression, with countries experiencing the sharpest reversals in living standards in the world during the 1990s. The Regional Bureau for Europe and the Commonwealth of Independent States (RBEC) employs a range of instruments in support of the central objective of eliminating poverty as countries cope with the shock of transition. Specific socio-economic policies to address poverty are advocated through the Bureau's publications and conferences. The Bureau has developed an integrated and coherent approach towards tackling the multiple dimensions of anti-poverty measures. Accordingly, RBEC activities in the areas of governance, gender balance, environmental protection, and economic and social policy are developed within a strategic framework that reflects an explicit recognition of the desired impact on poverty and equity.

II. HIGHLIGHTS OF 1997 ACHIEVEMENTS

A. Poverty eradication

2. In supporting programme countries' efforts to eradicate poverty, the Bureau formulated its first regional poverty project, which is proving to be an important vehicle in analysing priorities for action. The regional project has helped to define critical policy issues at the national and subregional levels, and has provided a powerful framework for linking national and regional activities and enhancing the effectiveness of the Poverty Strategy Initiative. Each country that prepared a national human development report included analysis of poverty. The poverty programme is helping to increase the visibility of UNDP and its role in coordination. RBEC has invited all development partners - Governments, international agencies, the private sector, media and non-governmental organizations (NGOs) - to discuss options for addressing poverty and the obstacles to be overcome. Progress was made in ensuring that other regional projects integrate poverty considerations at the core of their activities.

3. In Bulgaria, for example, poverty has become pervasive. Unemployment is expected to increase further as a result of the accelerated structural reforms that are under way. Economists speak about growth, inflation, privatization. But how do people feel about the reforms? What needs to be done to alleviate their hardship? People are precisely at the centre of the first country cooperation framework (CCF) for Bulgaria, which aims to assist the country to find answers to its many challenges. The UNDP-supported Human Security Survey and the annual national human development reports seek to identify ordinary people's perceptions of their current situation and promote the building of consensus, through exchange and dialogue, about solutions to the problems of the country.

4. In addition, an early warning report places the emphasis on crisis prevention and the political dimension and implications of the country's human security context. UNDP is also actively engaged in the policy dialogue on unemployment. Besides successfully advocating the establishment of a Social

Emergency Fund in Bulgaria, UNDP-supported projects, such as the "Beautiful Sofia" and "Beautiful Bulgaria" temporary employment schemes, constitute models for replication under the fund. Under these projects, $4 million, including $3.4 million in cost-sharing from the European Union, has been allocated for the creation of over 20,000 man/months of employment. The UNDP-supported business promotion centres located in four regions of Bulgaria regions have already contributed to the creation of 250 jobs. The capacity of the CCF to address the real challenges of the country, both at the policy level and at the operational level, has attracted the attention of the donor community. Of the $13 million in resources targeted under the CCF, $10 million come from non-core funds from over 15 different sources, including NGOs.

5. New projects to provide direct support to small- and medium-scale enterprises were developed in Belarus, Bulgaria, and Kyrgyzstan in 1997. Twelve counsellors went to Romania for a four-week, highly intensive, interactive, training programme. This programme, organized and run by experienced Romanian staff, is part of a continuing support programme to develop projects of excellence driven by national experts that are sustainable and have a significant multiplier effect.

B. Governance and support to countries in special development situations

6. Bosnia and Herzegovina. During 1997, the UNDP programme grew from a $5.27 million programme to a $16.42 million programme. An important component of the UNDP programme in the country is its three area-development projects. These projects have undertaken activities in social rehabilitation and peace-building, which have been important steps towards diminishing tensions among ethnic groups and between returning persons and those who remained in the areas during the war. Activities in rehabilitation of housing and social infrastructure have resulted in the return of many persons - both refugees and the internally displaced - to their places of origin. While unemployment remains high, the projects have provided training and have fostered income-generating activities, in order to promote economic recovery in the target areas. The early success and visionary nature of the UNDP programme has been instrumental in attracting non-core financing. The proportion of non-core financing has grown from 33 per cent of the programme in 1996 to 62 per cent in 1997. A significant proportion of this outside funding comes from a $30 million contribution from the Government of Japan and contributions totalling $12.6 million from the European Community.

7. Promotion of human rights - ombudsman and human rights protection institutions. In 1997, the Regional Bureau for Europe and the Commonwealth of Independent States, through its regional programme to support Democracy, Governance and Participation, further developed its assistance to the countries of the region in strengthening capacities of democratic institutions addressing human rights. In responding to the needs of the region in this area, several regional and country-specific projects have been initiated in promoting ombudsman-type and human rights protection mechanisms, with particular emphasis on legislation formulation, exchange of best-practices, information-sharing and training.

8. In close cooperation with the United Nations Centre for Human Rights and ombudsman institutions worldwide, RBEC organized the Third International Workshop on Ombudsman and Human Rights Protection Institutions with the theme "Building Democracy: From Theory to Practice", held in Riga, Latvia, from 9-11 June 1997. The workshop offered a unique opportunity to the participants from the countries of Europe and the Commonwealth of Independent States to exchange experience with representatives of ombudsman and human rights protection institutions from Asia, Australia, Europe, Latin America and North America on the establishment and functioning of the ombudsman-type institutions. It generated a number of bilateral exchanges and country-specific activities to support the creation of these institutions and to enhance the culture of human rights at all levels of civil society, including the establishment of an Ombudsman Office in the Moscow State Institute of International Relations, as well as the development of various projects in the area in Kazakhstan, Moldova, the Russian Federation, Uzbekistan and other countries of the region.

9. In Latvia, for example, UNDP has focused its cooperation on carefully selected, sensitive and crucial issues, such as the protection of human rights, increased integration among different ethnic groups, social welfare reform, and development of the NGO sector. Thus, UNDP has gained the full confidence of the Government and the donor community. Consequently, the country office has been highly successful in mobilizing external resources at a core : non-core ratio of 1:10. Latvia was one of the targeted countries for a field visit of the Executive Board members, whose reviews were impressive.

10. As a follow-up to this programme, UNDP and the Organization for Security and Cooperation in Europe, in cooperation with the Government of Poland, the United Nations Centre for Human Rights and the Council of Europe, are planning to organize a seminar on human rights and ombudsman institutions, scheduled to take place in Warsaw, Poland, from 25-28 May 1998, which aims at strengthening further countries' capacities in this area, networking the existing ombudsman offices in the region, and promoting further training programmes on human rights protection issues.

11. In support to an enabling environment, Moldova has carried out a very successful programme and has raised substantial non-core resources. One of the more successful projects has been the project for the formulation of a development strategy and the establishment of a Centre for Strategic Studies. Prior to the initiation of the project, Moldova had successfully emerged from a comprehensive and successful stabilization and structural adjustment programme. Realizing that the achievement of macroeconomic equilibrium would not by itself lead to development, the Government requested that UNDP and the World Bank finance the project jointly. The project has a budget of $900,000, half of which is cost-shared by the World Bank. Thus far, the project, with the assistance of national and international experts, has focused on formulating a long-term strategy. This process has also involved consultations not only with the Government, but also with the parliamentarians of different political parties, the objective being to formulate a strategy that will be accepted by the main political parties of the country. Before its finalization, however, this strategy will also be discussed with the entrepreneurs, academia, the donor community and NGOs. It is also envisaged that the strategy, once approved, will be translated into specific action plans and programmes to which the Centre for

Strategic Studies would contribute. The latter would give continuity to the project, thus ensuring sustainability. The Centre would serve in the future as a think-tank for the Government, and as a place for free political discussion. Equally, it would act as a research centre (this is already taking place, with UNDP requesting the Centre to assume responsibility for the preparation of the national human development report).

12. External resources management. Under the regional project "Training for External Resources Management", government officials from countries in the region coping with external cooperation flows were provided with an opportunity to review how other countries in a different region have successfully organized themselves to maximize both the flow and the impact of external resources. In partnership with the United Nations Conference on Trade and Development and the International Bank for Reconstruction and Development (IBRD), the project has started a series of training seminars on external debt management and has promoted software to facilitate this vital task. Additionally, in partnership with the Government of Ireland and in future partnership with the Governments of Austria and Finland, the project has begun training activities designed to assist the most developed countries of Eastern Europe to establish their own technical and financial cooperation programmes. Lastly, in partnership with IBRD, the project is designing training activities to facilitate the implementation of IBRD-financed projects in the region. Similar joint activities are planned with the Asian Development Bank for later this year.

C. Gender equality and the advancement of women

13. In 1997, RBEC, after successful activities on gender issues before and after the Fourth World Conference on Women, launched a four-year regional project to support gender in development in Central and Eastern Europe and in the Commonwealth of Independent States. The project is designed to provide assistance to countries in the region in improving their institutional capacity to address gender issues. Its main focus is on strengthening the capacity of national gender-in-development units and providing expert assistance on specific issues to Governments; supporting national and regional NGOs and assisting in establishing their networks; and reinforcing gender analysis and training capacity in each country in the region. The project is unique in its design and comprehensive regional outreach, as well as in its capacity to develop multidisciplinary approaches to issues and synergistic relationships with other RBEC regional projects. Successful meetings of women parliamentarians, gender-in-development units and national government representatives were held for analytical and planning purposes, including for elaborating national plans of action based on the Beijing Platform for Action.

D. Environmental protection

14. For instance, despite strong development potential, the north-western region of the Russian Federation faces serious socio-economic and environmental problems. A significant part of the Russian Federation's north-western territory, including the Murmansk Oblast, is situated in or adjacent to the ecologically fragile Arctic region and faces problems such as highly polluting,

obsolete heavy industries, ageing nuclear and military complexes and a range of other difficulties typical in the former Soviet Union. UNDP/Capacity 21 was therefore requested to assist the Murmansk Regional Administration in the strengthening of key institutions, which has enabled it to prepare a Sustainable Development Action Plan for the region, and has led to the preparation of a regional investment strategy for socio-economic development.

15. Before this point, the Action Plan was focused primarily on environmental issues. Scientists prevailed in the process, reducing the willingness of decision makers to develop the document into a full-fledged Sustainable Development Action Plan. As part of the project, a Coordination Committee was established under the authority of the First Deputy Governor, which led to the Regional Administration becoming the driving force behind the Action Plan. It also became more focused on socio-economic issues and mainstreamed environmental concerns. A next step will be to apply lessons learned in the Murmansk region to the adjacent Republic of Karelia and the Leningrad Oblast. The Regional Administrations of these regions have also requested UNDP/Capacity 21 to expand the project and to assist in the development of sustainable development action plans.

16. Georgia. One important success story is the project for the restructuring of the Georgia International Oil Company (GIOC). This project has a budget of $5 million of which $4 million is cost-shared by GIOC itself. The project has three components: (a) rehabilitation of Gachiani (an area close to Tbilisi); (b) formulation of feasibility studies; and (c) promotion of investment projects. The project made progress on the rehabilitation of Gachiani, which has reversed a serious environmental problem while at the same time solving an economic problem for the country and a financial problem for the company.

17. Before the initiation of the project, the area of Gachiani had housed large oil deposits and rail-tank loading facilities for oil coming from several pipelines. The problems that had arisen were due to leakage of the deposits and of the pipes, which had led to the repeated inundation of the area with oil, to such a degree that the Government was planning to close the facility. This would have meant: (a) closing several oil extraction facilities and pipelines (since the oil could not be transported to Gachiani, which would have meant a drop in much needed oil supply); (b) a serious increase in unemployment; and (c) a financial crisis for the company. The project has, however, corrected the leakage problems, thus permitting the continuation of oil production. This was done at minimum cost, largely cost-shared by GIOC itself.

E. Management issues

18. In 1997, the country office in Latvia was launched as the eleventh UNDP Centre of Experimentation, having been identified as a country office with the potential for a high level of efficiency and professionalism achieved through the delegation of responsibilities and shared accountability. Through the implementation of the Centre platform the country office was able to explore new directions for both administrative and programming aspects. Latvia was also one of the top two country offices with the highest scores on financial and

administrative management, as determined by the UNDP Bureau for Finance and Administrative Services.

III. KEY CHALLENGES AND PLANS FOR 1998

19. An overriding issue and constraint that affects the smooth implementation of UNDP activities in many countries in Europe and the Commonwealth of Independent States is political and social insecurity and instability. For example, in countries such as Albania, Bosnia and Herzegovina, and Tajikistan, UNDP frequently has had to adapt to dangerous and rapidly changing events to avoid long-term disruption to its programmes. The region, unlike any other, has undergone a transition process of unprecedented proportions.

20. Coupled with constraints stemming from the transformation process are those which are systemic to the countries of the region. Two constraints that should be highlighted are: (a) the lack of coordination and cooperation between the different institutions and organizations; and (b) the lack of acceptance by decision makers of recommendations made by technocrats, both national and international.

21. In addition to these external and institutional issues are the logistical constraints. For example, one constraint that affects UNDP activities in some countries in special situations is the potential limitations of the traditional modes of execution and implementation of programmes, namely, national, agency and United Nations Organization for Project Services execution. To respond to the special needs of countries such as Bosnia and Herzegovina, UNDP has finalized procedures for direct NGO execution and has permitted direct (country office) execution on a limited pilot basis. The Bureau has been at the forefront of working with UNDP central services to help formulate policies, guidelines and procedures for these special implementation modalities.

22. Other constraints particular to the work of the Regional Bureau for Europe and the Commonwealth of Independent States, as a new Regional Bureau, have been: lack of UNDP core resources; lack of trained personnel; and insufficient familiarity of the Government with United Nations practices. For instance, the need to pair national experts with international experts for successful programme/project implementation has become very clear. National experts have contributed not only technical knowledge, but also knowledge of the region, while the international experts have contributed technical knowledge and examples of the practices of different countries around the world.

23. The Bureau's success in raising over $10 million in funds from the European Community for Bosnia and Herzegovina and Bulgaria in 1997 has underscored the need to further simplify and improve the modalities and agreements between the two organizations. The Bureau has thus been able to contribute real experiences to the European Community/UNDP and United Nations-wide discussions on this important issue, which will no doubt have a positive impact on the future cooperation of UNDP with the European Community.

24. Lessons learned have included, inter alia, the importance of working closely with the United Nations Security Coordinator, United Nations missions on

the ground, as well as the wider donor community. UNDP has enhanced its impact, effectiveness and responsiveness in countries in special situations by coordinating and even synchronizing its activities with the international community.

25. The main objectives for 1998 are to:

(a) Increase programme visibility as well as United Nations system collaboration by advocating the theme of human rights at the regional and national levels, in commemoration of the fiftieth anniversary of the signing of the Universal Declaration of Human Rights. To this end, a human rights conference will be held in Yalta, Ukraine, in September 1998, and the results will be disseminated through a regional publication, to be launched on 10 December 1998;

(b) Enhance programme impact through the exploitation of synergies between: the regional cooperation framework and CCFs following the Value Added - Impact - Programme Presence (V-I-P) approach; the Bratislava-based Subregional Resource Facility and regional programmes; and the Bratislava-based SURF and the global hub;

(c) Promote greater operational efficiency through the enhancement of human capacities and re-engineering of business processes in the areas of: further decentralization of authority to country offices; further simplification of programme/project execution procedures; more effective utilization of such non-traditional programme partners as executing agencies, i.e., NGOs, civil society organizations, and the private sector; and full implementation of the Financial Information Management System;

(d) Identify innovative ways of attracting programme resources, such as cost-sharing, from non-traditional sources, in particular the private sector.